

Bill Moyers: So, you're not kidding when you say it's an oligarchy?

James Kwak: Exactly. I think that in particular, we can see how the oligarchy has actually become more powerful in the last since the financial crisis. If we look at the way they've behaved in Washington. For example, they've been spending more than \$1 million per day lobbying Congress and fighting financial reform. I think that's for some time, the financial sector got its way in Washington through the power of ideology, through the power of persuasion. And in the last year and a half, we've seen the gloves come off. They are fighting as hard as they can to stop reform.

Simon Johnson: I know people react a little negatively when you use this term for the United States. But it means political power derived from economic power. That's what we're looking at here. It's disproportionate, it's unfair, it is very unproductive, by the way. Undermines business in this society. And it's an oligarchy like we see in other countries.

Mr. KING of Iowa. Reclaiming my time and, Mr. Speaker, I would point out that it is unusual for Democrats and Republicans to share time spontaneously on the floor, but it's because there is a bond of common interest and a bond of a serious legislator that I recognize that's here on the floor for a serious reason.

I thank the gentlelady from Ohio for the presentation.

I'm going to shift off now into the subject matters that I had on the front of my mind, but I was compelled to address this and I appreciate the response.

Mr. Speaker, I come here to the floor tonight to talk about a range of issues. Perhaps if I would pick up on the financial side of this and go through a list of some of the things that have happened that I think contributed to the "Great Recession" that some refer to it as. And I would take us back a long ways. I would take us far back to the time that there became implicit guarantees that the Federal Government would do bailouts.

I remember those years of the eighties that the gentlelady mentioned. I went through 28 years of business, and I was highly leveraged going into the farm crisis of the eighties. I know the pain of that. I lived for 3½ years with a knot in my stomach that didn't go away unless there was something incredibly distracting that would cause it to disappear, and then I remember it would form again.

The SPEAKER pro tempore. The gentleman will suspend.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2499, PUERTO RICO DEMOCRACY ACT OF 2009

Mr. ARCURI, from the Committee on Rules, submitted a privileged report (Rept. No. 111-468) on the resolution (H. Res. 1305) providing for consideration of the bill (H.R. 2499) to provide for a federally sanctioned self-determination process for the people of Puerto Rico, which was referred to the House Calendar and ordered to be printed.

ECONOMIC CRISIS IN AMERICA

The SPEAKER pro tempore. The gentleman may resume.

Mr. KING of Iowa. I am always happy to yield when the Rules Committee is conducting business here on the floor.

So I will go back to the beginning, Mr. Speaker, and that is this: that if we would go to 1978—and I want to illustrate the chronology of how we got to where we are today financially. Excuse me, Mr. Speaker, I will take it back even further than that. Let's go back to October of 1929 when the stock market crashed and it launched the Great Depression rather than the Great Recession. We saw a downward spiral in the value of that Dow Jones Stock Exchange and the other shares that were not registered on the Dow at the time, or as part of the Dow Jones Industrial Average, and Americans lost equity. Some jumped out of windows—actually, not nearly as many as history would have us believe—but that crash in the stock market precipitously dropped. Of course it came up and went down, and it's always been a sawtooth.

But we went through the thirties. We saw Franklin Delano Roosevelt being elected in 1932. And actually, prior to that, but certainly accelerated from that point, he borrowed money and spent money and created make-work projects, and he put the United States in debt like never before and never envisioned by the Founding Fathers. Even his own people, including John Maynard Keynes, got nervous with the amount of money that was spent. His Treasurer, Morgenthau, expressed his concern that we spent all this money and what do we have to show for it. Unemployment is still high; the economy still hasn't recovered. And they lumbered all the way through the thirties with marginal improvement in the economy.

And one has to question if it ever would have recovered if it hadn't been for World War II. In fact, the President of the United States, the current President, has made the remark that World War II was the largest stimulus plan ever. He can make that statement and challenge it or not, I don't take issue with the concept that he is illustrating in that point, Mr. Speaker.

But I would continue and make this point, that from October of 1929 we saw all of this spending in the New Deal era of the Great Depression throughout the thirties. We saw all the borrowed money that went into winning World War II, and it's a good thing that we did. I believe Franklin Delano Roosevelt was an outstanding war leader for the better part of the Second World War, not so much of an economic leader, in my view, nor a social and cultural one; but he did hold us together as a Nation and he provided that clear voice and that leadership that was so important during that period of time, and he stood on the ground of unconditional surrender. So I tip my hat to that contribution to history to that man.

However, by the end of World War II, we had not recovered economically from where we were in 1929. And by the beginning of the Korean War—let me say by the beginning of the Cold War in 1948, as it was illustrated by Winston Churchill—we had not recovered from the Great Depression. By the beginning of the Korean War, we had not yet recovered from the Great Depression. And by the end of the Korean War, we had still not yet recovered from the Great Depression. If you measure it as the Dow Jones Industrial Average recovering back to the place where it was in October of 1929, that happened, Mr. Speaker, 9 years after Franklin Delano Roosevelt had passed away. It was 1954 when the stock market got back to where it was in October of 1929. All of those years.

And I will argue, Mr. Speaker, that overspending by government, the interest and the principal overspending by government delays the recovery. It may diminish the depths to which we might have otherwise fallen, but it delays the recovery.

It's the same as in a business. Let's say, for example, you're a small business and you're grossing \$500,000 a year and meeting a payroll and all the bills that I talked about earlier and you have a flood that wipes out your asset base. Then along comes FEMA, and if you're in business, they're not going to give you a grant; they might help you get an SBA loan. So if there's a disaster loan, it might even be a preferable interest rate, but let's say your debt was \$100,000 and you're grossing \$500,000 and meeting a payroll of \$250,000 a year. Now, it takes another \$400,000 to put all the pieces back in your business, and you're able to borrow that money at 4 percent or 5 or 6 percent.

Now you have the interest rate on the \$400,000, plus the requirement to pay the principal off on that \$400,000. All of that money that you're spending now that is the result of the over-leveraging that may be necessary to keep you in business is money that's earned, it's money that you had to earn, you would have earned it anyway, but now that money goes off for interest and principal rather than capital investment, which is what creates jobs.

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At a certain point, you can't service the debt any longer. At a certain point, a business can't pay the interest; it can't pay the principal, and it becomes insolvent if the debt and the leverage is too high. That is true for a family that runs their credit card bills up too much to where they can't service even the interest or the minimum payments on their credit cards. It's true also for a small business. It's true for a large business—and, Mr. Speaker, it's true for a government. It's true for a small government like Greece. It's true for a large government like the United States of America. At some point, this